



**JAMES J. DONELON
COMMISSIONER OF INSURANCE
STATE OF LOUISIANA**

P.O. Box 94214
Baton Rouge, Louisiana 70804-9214
Phone (225) 342-5900
Fax (225) 342-3078
<http://www.lidi.state.la.us>

**INSTRUCTIONS FOR
APPLICATION FOR
ACQUISITION OF OR MERGER WITH
A LOUISIANA DOMICILED INSURER**

GENERAL INSTRUCTIONS

This packet is designed to assist the individual preparing the application in complying with our requirements and procedures. The forms and procedures of the application process are designed to facilitate our review of the application. Therefore, it is extremely important that all applicants comply fully with the instructions and requirements set forth in this packet.

All communication should be directed to:

Louisiana Department of Insurance
Company Licensing Division
P.O. Box 94214
Baton Rouge, LA 70804-9214
Phone: (225) 219-4318
Fax: (225) 342-3078
E-Mail Address: mboutwell@ldi.state.la.us

While our Department will be happy to assist you and answer any questions you may have, we ask that you thoroughly review all instructions and forms before contacting us.

- 1) Submit one original and two photocopies of the complete application package.
- 2) All submittals in association with this application must reach us via the United States Postal Service or a carrier with interstate business. Hand delivery is not acceptable and any information arriving in this manner will be returned without review. In addition, all correspondence must be sent to the attention of the Company Licensing Division to assure prompt receipt and handling.
- 3) Submit only a fully completed application. Submittal of a partially completed application will cause processing delays and may result in disapproval.

4) **Do not alter** the forms contained in this packet. If you feel the requirements do not apply to your company, notify us. We will supply the proper form, if appropriate, and/or answer any questions you have about the forms.

5) All original items submitted become the property of the Louisiana Department of Insurance and **will not be returned**.

6) All certified documents required in the application must be dated within ninety (90) days of submittal of the application and all certifications must be original.

7) All entries in the application forms must be typed or printed. Illegible entries or responses will be considered incomplete and may result in the disapproval of the application.

8) When designating a contact person for the application process, please remember that our staff will communicate only with that individual. The application process is considered confidential and will not be discussed with any person other than the named contact person. We must be notified in writing of any change in the contact person.

9) We must be notified of any changes in the parties, the contracts or the other information submitted in association with this application which occur while the application is under review. This includes changes in officers and directors; changes in address or domicile; and financial statements and examination reports which become available after submission. Failure to notify us of such changes may result in disapproval of the application.

10) It is the responsibility of the applicant to insure that the responses and submittals in association with this application do not conflict with the information filed with the domiciliary state. Conflicting information will result in the disapproval of the application.

DEFINITION OF APPLICANT

For the purpose of this package the applicant is the party which will be acquiring control of or merging with the Louisiana domestic insurer. All other terms have the meanings assigned to them in LRS 22:1002 a copy of which is attached.

SPECIAL INSTRUCTIONS REGARDING INVESTIGATIVE REPORTS

In association with this application, the Louisiana Department of Insurance requires that all applicants make arrangement for investigative reports for all persons for whom biographical affidavits are supplied. This will include all officers, all directors, all individuals who own 10 percent or more of the applicant and all other persons responsible for the conduct of affairs of the applicant.

The investigative report must be prepared by one of the investigators approved by this Department. A list of those investigators with the address, phone number and contact person is attached. The applicant should advise the investigator that the reports are being prepared for the Louisiana Department of Insurance and make the necessary arrangements for payment.

APPLICATION FOR ACQUISITION OF OR MERGER WITH
A LOUISIANA DOMESTIC INSURER

Page 2

In order to complete the necessary reports the investigative firms must be provided with copies of all biographical affidavits. **DO NOT SEND ORIGINAL AFFIDAVITS TO THE INVESTIGATIVE FIRMS.**

WAIVER OF INVESTIGATIVE REPORTS AND FINGERPRINT CARDS

In certain cases the investigative report may be waived for specific individuals. The requirements for this waiver are as follows:

- 1) An investigative report has been supplied to this Department for the individual within one year previous to the date of submittal of the complete application packet; OR
- 2) The individual in question has been the officer or director of an insurer licensed to do business in Louisiana for a period of not less than 10 years. This exception will not apply when the company has undergone a change of control at any time in that 10 year period.

SPECIAL INSTRUCTIONS REGARDING HEARING

The final step in this application process will include a public hearing. Representatives from the applicant, the domestic insurer and the current controlling party of the domestic insurer must be present at that hearing.

Section 4 of the application requests information regarding the persons to be attending this hearing and asks for four optional dates for that hearing. The proposed dates must be at least thirty (30) days after submission of the complete application package.

When review of the application by this Department is complete the individuals listed in Section 4 will be contacted with a hearing date and time. If the Department has determined that the application should not be approved the individuals will be advised of this decision in writing with specific reasons for the disapproval. It is then the responsibility of those individuals to be prepared to rebut any of those reasons for disapproval at the hearing.

The hearing will occur as soon as possible after review of the application at the Office of the Department of Insurance.

COMMON QUESTIONS

The following are some of the most commonly asked questions regarding the application package and process.

Q: Where can I find the laws and regulations governing acquisition of or merger with a Louisiana domestic insurer?

A: For the most part, the statutes governing acquisition of or merger with a Louisiana domiciled insurer can be found in LRS 22:1001 et seq. In addition, Regulation 31 of the Louisiana Department of Insurance deals with this matter. For your convenience copies of these items are included in this packet. However, the items contained may not be all of statutes or regulations relevant to a specific transaction. Copies of the complete Louisiana Insurance Code can be obtained from private printing companies which specialize in statutory printing. In addition to the statutes, the Commissioner of Insurance has issued many regulations, rules and directives. Copies of these items may also be obtained from publishers specializing in printing legal and regulatory documents. One such company is given below.

**National Insurance Law Service
P.O. Box 2507
Chatsworth, CA 91313
1-800-423-5910**

Q: What is the time frame for the review of an application?

A: This Department makes every effort to review all applications as soon after submittal as possible. The review process can be expected to take from ninety (90) to one hundred twenty (120) days from receipt of a complete application. Please take this time frame into account when considering deadlines and operation schedules for the applicant.

Q: Can the forms in the application packet be recreated on a word processor for completion by the applicant?

A: No. The forms in this packet are designed for ease of recognition by our staff and, in many cases, in strict compliance with statutory wording requirements. Therefore, any changes in the format or wording of the forms will cause delays in the review and may lead to the disapproval of the application.

Q: Section 3 of the application form requires certain biographical information on owners of 10% or more of the applicant. What if all owners are corporations? Do the officers and directors of those corporations supply the biographical information?

A: Initially, no. However, this Department reserves the right to request biographical information for all persons who would exercise control over the insurer up to and including the ultimate controlling party. The Department will determine if additional information is required upon review of the application and notify the applicant.

COMMON QUESTIONS CONTINUED

Q: Can we meet with the Department for a preliminary review of our application prior to submission?

A: Yes. Our staff will be happy to meet with representatives of the applicant to review the application before it is actually submitted. It should be noted, however, that this courtesy review is to help assure completeness only and our Division will not issue a preliminary approval or disapproval of the application prior to submission. Any application sent to this Office via U.S. Mail will be considered submitted for review and will not be eligible for a pre-review. You may make an appointment for preliminary review by contacting the Company Licensing Division of the Louisiana Department of Insurance. Preliminary reviews will be performed only with an appointment.

Q: What factors should go into considering who should be named as the contact person?

A: Among the things that should be considered when naming the contact person for the application process are:

Knowledge - The person acting as the contact should have a thorough knowledge of the application packet and company functions

Accessibility - You should consider whether or not the contact person is easily reachable. A person who is often absent from the office or who is otherwise difficult to reach is a poor choice due to the nature of the application process.

Location - All requests for additional information include a deadline to supply this information. Therefore, you should consider the location of the contact person and whether or not they can reasonably be expected to obtain needed documents or information within a time frame which is usually set at thirty days.

Q: The application package for Louisiana is longer and more extensive than those of other states. Why is that?

A: The goal of the Company Licensing Division is to review all applications and render a decision regarding those applications within a thirty to ninety day time frame. For that reason it is vital that we receive all items needed to render that decision upon initial submittal. Many states use a multiple level review for which certain documents are submitted for first stage and additional documents are requested for each additional stage of the review process. Louisiana has found that we can more effectively and quickly review an application and render a decision if all needed information is submitted at one time.



JAMES J. DONELON
COMMISSIONER OF INSURANCE
STATE OF LOUISIANA

P.O. Box 94214
Baton Rouge, Louisiana 70804-9214
Phone (225) 342-5900
Fax (225) 342-3078
<http://www.lidi.state.la.us>

**APPLICATION FOR
ACQUISITION OF OR MERGER WITH A
LOUISIANA DOMICILED INSURER**

GENERAL INFORMATION FOR APPLICANT (Type or Print)

APPLICANT NAME: _____

DOMICILE: _____

-

DATE OF ORGANIZATION: _____ FEIN NO.: _____

-

HOME OFFICE ADDRESS: _____

-

CONTACT NAME: _____ CONTACT TITLE: _____

PHONE: _____ FAX: _____

CONTACT ADDRESS: _____

_____ E-MAIL: _____

ORGANIZATIONAL STRUCTURE OF APPLICANT (Check only one)

☐ INSURER CORPORATION

☐ PARTNERSHIP

☐ INSURER HOLDING CORPORATION

☐ INDIVIDUAL

**APPLICATION FOR ACQUISITION OF OR MERGER WITH
A LOUISIANA DOMESTIC INSURER**

GENERAL INFORMATION FOR APPLICANT (Type or Print)	
<input type="checkbox"/> ASSOCIATION	<input type="checkbox"/> OTHER _____

DESCRIPTION OF TRANSACTION (Check one which most closely describes the transaction leading to this application)		
<input type="checkbox"/> Acquisition of Louisiana domiciled insurer(s) by merger within holding company system <input type="checkbox"/> Merger of Louisiana domiciled insurer(s) and foreign insurer with foreign insurer as surviving party	<input type="checkbox"/> Acquisition of Louisiana domiciled insurer(s) by stock purchase <input type="checkbox"/> Merger of multiple Louisiana domiciled insurers	<input type="checkbox"/> Merger of Louisiana domiciled insurer(s) and foreign insurer with Louisiana domiciled insurer as surviving party

Louisiana domiciled insurer(s) party to this transaction (list all)	
Company Name	NAIC Number

Application Fees	
Application review fee	\$ 2,500.00
Total Amount This Check	\$ <u>2,500.00</u>

ALL CHECKS MUST BE MADE PAYABLE TO THE LOUISIANA DEPARTMENT OF INSURANCE. The review process will not begin until ALL fees are paid. The Louisiana Department of Insurance may convert your payments by check to an electronic Automated Clearinghouse (ACH) debit transaction. This means that your account may be debited the day your check is received by the Louisiana Department of Insurance. Although the debit transaction will appear on your bank statement, your check will not be returned to your bank. If the electronic fund transfer cannot be processed for technical reasons, you authorize us to process the copy of your check.

APPLICATION FOR ACQUISITION OF OR MERGER WITH
A LOUISIANA DOMESTIC INSURER

Page 8

SECTION 2 -INTERROGATORIES

Answer all of the following questions and **ATTACH A FULL EXPLANATION AND/OR THE REQUESTED INFORMATION FOR ANY "YES" ANSWERS**

1) Has the applicant ever had an application denied by any state or federal regulatory authority?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
2) Has the applicant ever been placed under any type of regulatory supervision?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
3) Has the applicant ever had a Certificate of Authority or license revoked or suspended by any regulatory authority?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
4) Has the applicant ever been subject to any regulatory action including cease and desist orders or similar actions?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
5) Has the applicant ever changed its name?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
6) Has the applicant ever redomesticated?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
7) Within the last five years, has the applicant transferred or encumbered a substantial portion (more than 20%) of its assets or liabilities?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
8) Within the last five years, has the applicant merged or consolidated with any other entity?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
9) Within the last five years, has the applicant undergone a change in ownership of 10% or more?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
10) Is the applicant presently negotiating or inviting negotiations or party to a counterletter which would result in transfer or encumbrance of a substantial portion (more than 20%) of its assets or liabilities?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
11) Other than the transaction leading to this application, is the applicant presently negotiating or inviting negotiations or party to a counterletter which would result in a merger or consolidation with any other company?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
12) Other than the transaction leading to this application, is the applicant presently negotiating or inviting negotiations or party to a counterletter which would result in a change of ownership of 10% or more?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
13) Has the applicant undergone a change of management or control since the date of the latest audited statement filed in support of this application?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
14) Does the applicant contemplate a change in management or any transaction which would normally result in a change of management within the next 24 months?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
15) Does the applicant have any plans to redomesticate the domestic insurer?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
16) Does the applicant have any plans to change the officers and/or directors of the domestic insurer within 24 months of the transaction leading to this application?	<input type="checkbox"/> YES	<input type="checkbox"/> NO

SECTION 2 - INTERROGATORIES CONTINUED

17) Is the applicant owned, operated or controlled, directly or indirectly, by any other state or province, district, territory or nation or any governmental subdivision or agency?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
18) Has any person who is presently an officer, director, partner, member or owner of 10% or more of the applicant ever been convicted of or pleaded guilty or nolo contendere to, or found liable of indictment or information in any jurisdiction charging a felony or misdemeanor other than minor traffic violations?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
19) Is the applicant currently engaged in any controversy with any state or federal regulatory agency?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
20) Is the applicant a plaintiff or defendant or subject in any legal action other than one arising from policy claims?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
21) Is the applicant a defendant in <u>any</u> lawsuit asking for a judgment that is equal to or greater than 10% of its assets above liability?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
22) Does the applicant purchase investment securities through any investment banking or brokerage house or firm from whom any of the applicant's officers, directors, trustees, investment committee, owners of 10% or more of the applicant or the family members thereof receive a commission or salary or any form of compensation?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
23) Is the applicant presently licensed as an insurance agent or broker?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
24) Within the last five years, has the applicant made a loan to an entity owned or controlled directly or indirectly by one or more of the applicant's officers, directors, trustees, investment committee or any owner of 10% or more of the applicant?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
25) Within the last five years, has the applicant sold or transferred any of its assets or property, real or personal, to any entity owned directly or indirectly by one or more of the applicant's officers, directors, trustees, investment committee members or owners of 10% or more of the applicant?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
26) Within the last five years, has the applicant purchased securities, assets or property of any kind from an entity owned or controlled directly or indirectly by one or more of the applicant's officers, directors, trustees, investment committee members or any owner of 10% or more?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
27) If any of questions 22, 23 or 24 were answered yes, did any officer, director, trustee, investment committee member or owner of 10% or more of the applicant company receive any money or valuable thing for negotiating, procuring, recommending or aiding in such transaction?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
28) Does the applicant have any reinsurance contracts which in effect provide that the applicant will reimburse or indemnify the reinsurer for losses payable thereunder?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
29) Does the applicant pay any representative given discretion as to the settlement or adjustment of claims, whether in direct negotiations with the claimant or in supervision of the person negotiating, a compensation which is in any way contingent upon the amount of settlement of such claims?	<input type="checkbox"/> YES	<input type="checkbox"/> NO

SECTION 2 - INTERROGATORIES - CONTINUED

30) Does the applicant utilize or plan to utilize the services of third party administrators or managing general agents? (If yes, provide the name and Louisiana license number of the entity.)	<input type="checkbox"/> YES	<input type="checkbox"/> NO
31) Has the applicant filed with its domiciliary state any amendments or restatements of its most recent annual financial statement?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
32) Is the applicant or its parent corporation a publicly traded company? (If yes, attach a copy of the most recent 10K or equivalent filing.)	<input type="checkbox"/> YES	<input type="checkbox"/> NO
33) Is the applicant affiliated with or concurrently operating as a bank, bank holding company, subsidiary or affiliate?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
34) Is the applicant affiliated with any insurers which are authorized or approved to do business in this state?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
35) Does the applicant have any outstanding unexercised stock options? (If yes, attach a full explanation of who holds these options and the number of shares subject thereto.)	<input type="checkbox"/> YES	<input type="checkbox"/> NO
36) Are any of the applicants' policies being sold in connection with a mutual fund?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
37) Is the sale of life insurance related or tied to the sale of a mutual fund or investment in securities? (If yes, supply details including all sales literature.)	<input type="checkbox"/> YES	<input type="checkbox"/> NO
38) Does the applicant have any other applications for acquisition of insurers pending in any jurisdiction?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
39) After the transaction leading to this application, will the domestic insurer be able to satisfy the requirements for the issuance of a license to write the lines of insurance for which it is presently licensed?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
40) Will the effect of the transaction leading to this application be to substantially lessen competition in insurance in Louisiana or tend to create a monopoly therein?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
41) Is the financial condition of the applicant such as is might jeopardize the financial stability of the domestic insurer or prejudice the interest of the policyholders?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
42) Are any plans or proposals which the applicant has in regard to the domestic insurer unfair or unreasonable to policyholders of the insurer or not in the public interest?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
43) Are the competence, experience and integrity of those persons who will control the operation of the domestic insurer such that it would not be in the interest of policyholders of the insurer and of the public to permit the transaction leading to this application?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
44) Is the transaction leading to this application likely to be hazardous or prejudicial to the insurance buying public?	<input type="checkbox"/> YES	<input type="checkbox"/> NO

SECTION 3 - EXHIBITS

- 1) EXHIBIT A - FORM A STATEMENT** completed on behalf of the applicant.
- 2) EXHIBIT B - COPY OF ACQUISITION/MERGER AGREEMENT** relative to the proposed transaction. This should include copies of any agreements described in Section 8 of the Form A statement.
- 3) EXHIBIT C - WAIVER OF NOTICE OF HEARING** from each entity party to the transaction.
- 4) EXHIBIT D - PETITION FOR APPROVAL OF ACQUISITION/MERGER.** A sample form is attached.
- 5) EXHIBIT E - MEMORANDUM PLAN OF ACQUISITION/MERGER.** A sample form is attached.
- 6) EXHIBIT F - COPY OF THE ARTICLES OF INCORPORATION** or other such organizational documents of the applicant certified by the proper domiciliary state authority.
- 7) EXHIBIT G - EVIDENCE OF THE APPROVAL OF THE STOCKHOLDERS/MEMBERS OF DOMESTIC INSURER OR HOLDING COMPANY.** The document submitted for this exhibit will vary.
 - For a stock insurer or holding company, submit a copy of the minutes of the stockholder meeting where the sale or merger was voted upon by the stockholders. You may submit a unanimous consent of the shareholders to satisfy this meeting.
 - For a mutual insurer or holding company, submit a copy of the minutes of the meeting where the sale or merger was voted upon and approved by the policyholders. You must also include a explanation of which classes of policyholders voted and which were exempted from voting.
 - For a partnership or limited liability corporation holding company you must submit a copy of the minutes of the meeting where the partners or members voted on the sale or merger. If the by-laws or Articles allow for another method of decision, you must supply the applicable information and a copy of the relative provision.
- 8) EXHIBIT H - COPY OF THE RESOLUTION FROM THE BOARD OR MEMBERS OF THE APPLICANT** agreeing to the proposed transaction. The copy must be certified by the secretary of the applicant.
- 9) EXHIBIT I - COPY OF THE RESOLUTION FROM THE BOARD OR MEMBERS OF THE CURRENT CONTROLLING PARTY OF THE DOMESTIC INSURER** agreeing to the proposed transaction. The copy must be certified by the secretary of the current controlling party.
- 10) EXHIBIT J - COPY OF THE RESOLUTION FROM THE BOARD OF THE DOMESTIC INSURER** agreeing to the proposed transaction. The copy must be certified by the secretary of the domestic insurer.

SECTION 3 – EXHIBITS

11) EXHIBIT K - AN AFFIDAVIT FROM THE DOMESTIC INSURER OR HOLDING COMPANY stating that no option of first refusal has been violated by the proposed transaction.

12) EXHIBIT L - AUDITED FINANCIAL STATEMENT FOR THE APPLICANT FOR THE PREVIOUS FIVE YEARS. If the applicant has been in existence for less than five years, audited statements must be supplied for the time which it has existed. If the applicant is a new company an audit must be supplied reflecting the current financial condition.

If the applicant is an insurer the following items must also be supplied.

- Copy of most recent annual financial statement
- Copy of most recent financial examination of the company certified by the proper domiciliary state official.

13) EXHIBIT M - AN ORGANIZATIONAL CHART OF THE APPLICANT and all related entities. The chart must include the ownership percentages of all affiliated companies up to and including the ultimate controlling person and illustrate how the domestic insurer will fit into that structure.

14) EXHIBIT N - BIOGRAPHICAL AFFIDAVITS must be supplied for all officers and all directors of the applicant and all individuals owning 10 percent or more of the stock, if a stock company, of the applicant. Affidavits must also be supplied for all proposed officers and all proposed directors of the domestic insurer. Only the most recent biographical affidavit promulgated by the National Association of Insurance Commissioners (NAIC) is acceptable. A copy of the form may be obtained at <http://www.lds.state.la.us/Documents/Licensing/Company/NAICBioForm1-1-2005.pdf>.

15) EXHIBIT O - FINGERPRINT CARDS must be supplied for all officers and all directors of the applicant and all individuals owning 10 percent or more of the stock, if a stock company, of the applicant. Cards must also be supplied for all proposed officers and all proposed directors of the domestic insurer. A standard NCIC card should be used.

16) EXHIBIT P - INVESTIGATIVE REPORTS must be supplied for all officers and all directors of the applicant and all individuals owning 10 percent or more of the stock, if a stock company, of the applicant. Reports must also be supplied for all proposed officers and all proposed directors of the domestic insurer. See the application instructions for information on obtaining these reports.

SECTION 3 – EXHIBITS

17) EXHIBIT Q - DETAILED PLAN OF OPERATION which indicates the plans which the applicant has regarding the domestic insurer. This plan should address each of the following points.

- What type of business will the domestic insurer write?
- What markets does the company intend to target? What geographic areas?
- Who will produce business for the company?
- What is the anticipated number of agents the company plans to have selling its products?
- What is the total projected Louisiana business over the next five years? These figures should be given on an annual basis and be arranged by lines of business which will comprise 10% or more of the total premium volume.
- What are the total loss adjustments, expense and claim reserves, projected loss ratios and loss adjustment expense and amount of projected claim reserves for Louisiana business? These figures should be given on an annual basis and be arranged by lines of business which will comprise 10% or more of the total premium volume.
- Who will be underwriting the business produced in Louisiana? If the underwriter is other than the company, what is the relationship to the company?
- Briefly, what are the underwriting controls to accept or reject a potential policyholder?
- What procedures does the company have in place for reviewing, accepting or denying claims? What, if any, procedures are in place to allow the company to make prompt payment of claims?
- What procedures or processes does the company have for reviewing the business produced by individual agents or general agents? What action is taken in association with agents who consistently produce unprofitable business?
- What procedures does the company have in place for reviewing, accepting or denying proposed investments?

SECTION 4 - HEARING INFORMATION

HEARING ATTENDEES

Below give the name, position, address and phone number for each person to be present at the hearing. Also include the minimum amount of notice required to arrange for travel.

APPLICANT	DOMESTIC INSURER
<p>Name: _____</p> <p>Phone: _____ Fax: _____</p> <p>Address: _____</p> <p>_____</p> <p>_____</p> <p>Position: _____</p> <p>Minimum Notice Required: _____</p>	<p>Name: _____</p> <p>Phone: _____ Fax: _____</p> <p>Address: _____</p> <p>_____</p> <p>_____</p> <p>Position: _____</p> <p>Minimum Notice Required: _____</p>
CURRENT CONTROLLING PARTY OF DOMESTIC INSURER (if applicable)	OTHER INTERESTED PARTY
<p>Name: _____</p> <p>Phone: _____ Fax: _____</p> <p>Address: _____</p> <p>_____</p> <p>_____</p> <p>Position: _____</p> <p>Minimum Notice Required: _____</p>	<p>Name: _____</p> <p>Phone: _____ Fax: _____</p> <p>Address: _____</p> <p>_____</p> <p>_____</p> <p>Position: _____</p> <p>Minimum Notice Required: _____</p>

HEARING SCHEDULE

Below give four possible dates for the hearing which will be acceptable to all parties listed above. These dates must be no less than 30 days from submission of this application.

<p>Date: _____ <input type="checkbox"/> A.M. <input type="checkbox"/> P.M.</p>	<p>Date: _____ <input type="checkbox"/> A.M. <input type="checkbox"/> P.M.</p>
<p>Date: _____ <input type="checkbox"/> A.M. <input type="checkbox"/> P.M.</p>	<p>Date: _____ <input type="checkbox"/> A.M. <input type="checkbox"/> P.M.</p>

NOTARIZATION

STATE OF _____

COUNTY OR PARISH OF _____

BEFORE ME, the undersigned authority, personally appeared _____

and _____ who, after being duly sworn, did depose and say that all information contained in this application and all attachments thereto is, to the best of his knowledge, true, complete and correct.

Witness' Signature

Signature of Applicant or Authorized Representative

Witness' Printed Name

Printed Name and Title of Authorized Representative

Witness' Signature

Signature of Authorized Representative of Applicant

Witness' Printed Name

Printed Name and Title of Authorized Representative

SWORN TO and subscribed before me this _____ day of _____, 20____.

Notary Public's Signature

Notary Public's Printed Name

My Commission Expires _____

-

APPLICATION FOR ACQUISITION OF OR MERGER WITH
A LOUISIANA DOMESTIC INSURER

Page 16

SAMPLE DOCUMENTS

The following pages contain sample documents which can be used in preparation of some of the exhibits required by this application. DO NOT USE THESE DOCUMENTS AS FORMS. Please retype the documents and provide the indicated information in the designated format.

DOCKET NUMBER: _____

**IN HEARING BEFORE THE
COMMISSIONER OF INSURANCE
STATE OF LOUISIANA**

ACQUISITION (OR MERGER) OF

BY (OR WITH)

PETITION FOR APPROVAL OF ACQUISITION (OR MERGER)

The petition of {applicant}, appearing herein through its attorney of record or other authorized representative, represents that:

1.

Petitioner is a {entity status}, whose principal place of business is located at {address}.

2.

{Company} is a Louisiana domestic insurance company organized and doing business under the laws of the state of Louisiana. (Or company is a Louisiana insurance holding company organized under the laws of {domicile} which owns the following domestic insurer {insurer name})

3.

Petitioner has entered into an agreement with {selling party} to purchase or merge all of the issued and outstanding capital stock of {company}. This agreement is dated {date}.

4.

The said agreement has been entered into subject to the approval of the Commissioner of Insurance of the State of Louisiana.

5.

**APPLICATION FOR ACQUISITION OF OR MERGER WITH
A LOUISIANA DOMESTIC INSURER**

Petitioner, its officers and employees possess the knowledge, skill and ability to conduct the affairs of {company} and intend to manage {company} for the benefit of the shareholders, policyholders and the general public in accordance with the laws of Louisiana and the rules and regulations of the Commissioner of Insurance of the state of Louisiana.

6.

Petitioner requires that the Notice of Hearing in this matter be waived and suggests that such a waiver would be in the best interest of all parties of the State of Louisiana. Such request for waiver of notice is joined by {selling party} and {company} as shown by the attached waiver.

WHEREFORE, Petitioner prays that the Division of Administrative Law waive the Notice of Hearing and that a Hearing be held immediately on this petition in accordance with the law and rules and regulations of the Commissioner of Insurance for the State of Louisiana; and that after due proceedings, the acquisition (or merger) of {company} by Petitioner be approved.

Respectfully submitted,

{LAW FIRM}

{ATTORNEY OR AUTHORIZED REPRESENTATIVE NAME}

{ADDRESS}

{TELEPHONE NUMBER}

WAIVER OF NOTICE OF HEARING

The undersigned respective authorized officers of {acquiring party} {selling party} {company} waive notice of hearing pursuant to LSA R.S. 22:1002 D (2) in connection with the proposed hearing before the Division of Administrative Law concerning the acquisition (or merger) of {company} by (or with) {applicant}

For {acquiring party}

By the President and Chief Executive Officer

Signature

Printed Name

For {selling party}

By the President and Chief Executive Officer

Signature

Printed Name

For {company}

By the President and Chief Executive Officer

Signature

Printed Name

DOCKET NUMBER: _____

IN HEARING BEFORE THE
COMMISSIONER OF INSURANCE
STATE OF LOUISIANA

ACQUISITION (OR MERGER) OF

BY (OR WITH)

MEMORANDUM OF PLAN OF ACQUISITION (OR MERGER)

This hearing is being held pursuant to LSA R.S. 22:1004D. This memorandum is submitted on behalf of {applicant}

WAIVER OF HEARING:

Notice of this hearing was formally waived by the President and Chief Executive Officers of {applicant}, {selling party} and {company}. A copy of this waiver is attached hereto as Exhibit A.

PURCHASE OF STOCK OF {COMPANY} (OR DETAILS OF MERGER AGREEMENT)

{Selling party}, shall sell free and clear of all liens, pledges and encumbrances, certificates for all of the shares of the issued and outstanding capital stock of {company}, in negotiable form, duly endorsed in blank, or with separate stock transfer powers attached thereto and signed in blank.

{Company}, a Louisiana domiciled corporation, will be a wholly-owned subsidiary of {applicant}, a {entity type} organized under the laws of {domicile of applicant}.

In return for this stock {applicant} shall pay the book value of the stock of {company}, determined in accordance with generally accepted accounting principles consistently applied on a continuing, business basis, as set forth under "Total Stockholders Equity" on the balance sheet of {company} as of the last day of the fiscal month immediately preceding the closing, and, if as of such date the aggregate market value of {company} marketable securities exceeds or is less than the book value thereof, increasing it by such deficiency, as the case may be.

{Seller} and {applicant} have passed resolutions authorizing this sale (or merger). Duly certified copies of these resolutions are attached as Exhibits B and C.

APPLICATION FOR ACQUISITION OF OR MERGER WITH
A LOUISIANA DOMESTIC INSURER

FINANCIAL CONDITION OF {COMPANY}

{Company} has authorized capital of {amount} share of common stock, par value of {amount} per share, all of which are the only shares issued and outstanding. The stock is validly issued, fully paid and non-assessable, and there are no other securities of any class authorized. Except for the agreement with {applicant}, there are no outstanding options, warrants, agreements or rights to subscribe for or to purchase or to issue stock. As of the most recent annual statement {company} has assets of {amount}. A copy of this statement has been filed with the Louisiana Department of Insurance.

FINANCIAL CONDITION OF {APPLICANT}

{Applicant} is a {entity type} organized under the laws of {domicile}. The total assets of {applicant} are {amount}. The most recent audited financial report is attached hereto as Exhibit D.

{Applicant} is committed to continuing to operate {company} in a prudent and conservative manner. {Applicant} has every intention of supporting {company} and will assist {company} in obtaining any financing which shall be required by making available any sources of financing which {applicant} has at its disposal.

OFFICERS AND DIRECTORS

The directors of {company} after the acquisition will be:

{names}

The officers of {company} after the acquisition will be:

{names and positions}

Respectfully submitted

{LAW FIRM}
{ATTORNEY OR AUTHORIZED REPRESENTATIVE}
{ADDRESS}
{TELEPHONE NUMBER}

Louisiana Statutes - Insurance Laws
TITLE 22-- INSURANCE
Chapter 1. Insurance Code
Part XXI- A -- INSURANCE HOLDING COMPANY SYSTEM REGULATORY LAW

22:1001 "Insurance holding company system regulatory law"

This Part shall be known and may be cited as the "Insurance Holding Company System Regulatory Law."

22:1002 Definitions

As used in this Part, the following terms shall have the respective meanings hereinafter set forth, unless the context shall otherwise require:

(1) "Affiliate" means a person who directly, or indirectly through one or more intermediaries, controls, or is controlled by or is under common control with, the person specified.

(2) "Commissioner" shall mean the commissioner of insurance, or his deputy, or the Department of Insurance, as appropriate.

(3) "Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract other than a commercial contract for goods or nonmanagement services, or otherwise, unless the power is the result of an official position with or corporate office held by the person. Control shall be presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing ten percent or more of the voting securities of any other person. This presumption may be rebutted by a showing made in the manner provided by R.S. 22:1005(K) that control does not exist in fact. The commissioner may determine, after furnishing all persons in interest notice and opportunity to be heard and making specific findings of fact to support such determination, that control exists in fact, notwithstanding the absence of a presumption to that effect.

(4) "Debt obligation" shall mean an obligation to repay a certain sum of money pursuant to specific conditions.

(5) "Insurance holding company system" consists of two or more affiliated persons, one or more of which is an insurer.

(6) "Insurer" shall have the same meaning as set forth in R.S. 22:5(2), except that it shall not include agencies, authorities, or instrumentalities of the United States, its possessions and territories, the Commonwealth of Puerto Rico, the District of Columbia, or a state or political subdivision of a state.

(7) "Person" means an individual, a corporation, a partnership, an association, a joint stock company, a trust, an unincorporated organization, any similar entity, or any combination of the foregoing acting in concert, but shall not include any joint venture partnership exclusively engaged in owning, managing, leasing, or developing real or tangible personal property.

(8) "Securityholder" means one who owns any security of such person, including common stock, preferred stock, debt obligations, and any other security convertible into or evidencing the right to acquire any of the foregoing.

(9) "Subsidiary" means an affiliate controlled by such person directly or indirectly through one or more intermediaries.

(10) "Voting security" means any security convertible into or evidencing a right to acquire a voting security.

22:1003 Acquisition of subsidiaries

A. Authorization. Any domestic insurer, as defined in R.S. 22:5(3), either by itself or in cooperation with one or more persons, may organize or acquire one or more subsidiaries. Such subsidiaries may conduct any kind of business or businesses, and their authority to do so will not be limited by reason of the fact that they are subsidiaries of a domestic insurer.

B. Additional investment authority. In addition to investments in common stock, preferred stock, debt obligations, and securities permitted under all other Sections of this Code, a domestic insurer may also:

(1) Invest, in common stock, preferred stock, debt obligations, and other securities of one or more subsidiaries, amounts which do not exceed, for such additional investments, the lesser of either ten percent of such insurer's assets or fifty percent of such insurer's surplus as regards policyholders, provided that after such investments, the insurer's surplus as regards policyholders will be reasonable in relation to the insurer's outstanding liabilities and adequate to its financial needs. In calculating the amount of such investments, investments in domestic or foreign insurance subsidiaries shall be excluded, and there shall be included:

(a) Total net monies or other consideration expended and obligations assumed in the acquisition or formation of a subsidiary, including all organizational expenses and contributions to capital and surplus of such subsidiary whether or not represented by the purchase of capital stock or issuance of other securities, and

(b) All amounts expended in acquiring additional common stock, preferred stock, debt obligations, and other securities and all contributions to the capital or surplus, of a subsidiary subsequent to its acquisition or formation.

(2) Invest any amount in common stock, preferred stock, debt obligations, and other

securities of one or more subsidiaries engaged or organized to engage exclusively in the ownership and management of assets authorized as investments for the insurer, provided that each subsidiary agrees to limit its investments in any asset so that such investments will not cause the amount of the total investment of the insurer to exceed any of the investment limitations specified in Subsection B(1) of this Section or any other limitations set forth in this Code applicable to the insurer. For the purpose of this Section, "the total investment of the insurer" shall include:

(a) Any direct investment by the insurer in an asset, and

(b) The insurer's proportionate share of any investment in an asset by any subsidiary of the insurer, which shall be calculated by multiplying the amount of the subsidiary's investment by the percentage of the ownership of such subsidiary.

(3) With the approval of the commissioner, invest any greater amount in common stock, preferred stock, debt obligations, or other securities of one or more subsidiaries, provided that after such investment the insurer's surplus as regards policyholders will be reasonable in relation to the insurer's outstanding liabilities and adequate to its financial needs.

C. Exemption from investment restrictions. Investments in common stock, preferred stock, debt obligations, or other securities of subsidiaries made pursuant to Subsection B of this Section shall not be subject to any of the otherwise applicable restrictions or prohibitions contained in this Code applicable to such investments of insurers.

D. Qualification of investment; when determined. Whether any investment pursuant to Subsection B of this Section meets the applicable requirements thereof is to be determined before such investment is made, by calculating the applicable investment limitations as though the investment had already been made, taking into account the then outstanding principal balance on all previous investments in debt obligations, and the value of all previous investments in equity securities as of the day they were made, net of any return of capital invested, not including dividends.

E. Cessation of control. If an insurer ceases to control a subsidiary, it shall dispose of any investment therein made pursuant to this Section within three years from the time of the cessation of control or within such further time as the commissioner may prescribe, unless, at any time after such investment shall have been made, such investment shall have met the requirements for investment under any other Section of this Code, and the insurer has notified the commissioner thereof.

22:1004 Merger or acquisition of control with domestic insurer

A. Filing requirements. No person other than the issuer shall make a tender offer for or a request or invitation for tenders of, or enter into any agreement to exchange securities or, seek to acquire, or acquire, in the open market or otherwise, any voting security of a domestic insurer if, after the consummation thereof, such person would, directly or indirectly (or by conversion or by

exercise of any right to acquire) be in control of such insurer, and no person shall enter into an agreement to merge with or otherwise to acquire control of a domestic insurer or any person controlling a domestic insurer unless, at the time any such offer, request, or invitation is made or any such agreement is entered into, or prior to the acquisition of such securities if no offer or agreement is involved, such person has filed with the commissioner and has sent to such insurer, a statement containing the information required by this Section, and such offer, request, invitation, agreement, or acquisition has been approved by the commissioner in the manner hereinafter prescribed.

(1) For the purposes of this Section a "domestic insurer" shall include any person controlling a domestic insurer unless such person as determined by the commissioner is either directly or through its affiliates primarily engaged in business other than the business of insurance.

(2) For purposes of this Section, "person" shall not include any securities broker holding, in the usual and customary brokers function, less than twenty percent of the voting securities of an insurance company or of any person which controls an insurance company.

B. Content of statement. The statement to be filed with the commissioner hereunder shall be made under oath or affirmation and shall contain the following information:

(1) The name and address of each person by whom or on whose behalf the merger or other acquisition of control referred to in Subsection A of this Section is to be effected, hereinafter called "acquiring party":

(a) If such person is an individual, his principal occupation and all offices and positions held during the past five years, and any conviction, of crimes other than minor traffic violations during the past ten years.

(b) If such person is not an individual, a report of the nature of its business operations during the past five years or for such lesser period as such person and any predecessors thereof shall have been in existence; an informative description of the business intended to be done by such person and such person's subsidiaries; and a list of all individuals who are or who have been selected to become directors or executive officers of such person, or who perform or will perform functions appropriate to such positions. Such list shall include for each such individual the information required by Subparagraph (1)(a) of this Subsection.

(2) The source, nature, and amount of the consideration used or to be used in effecting the merger or other acquisition of control, a description of any transaction wherein funds were or are to be obtained for any such purpose, including any pledge of the insurer's stock, or the stock of any of its subsidiaries or controlling affiliates, and the identity of persons furnishing such consideration, provided, however, that where a source of such consideration is a loan made in the lender's ordinary course of business, the identity of the lender shall remain confidential, if the person filing such statement so requests.

(3) Fully audited financial information as to the earnings and financial condition of each acquiring party for the preceding five fiscal years of each such acquiring party, or for such lesser period as such acquiring party and any predecessors thereof shall have been required by law to have such audited financial information, and similar unaudited information as of a date not earlier than ninety days prior to the filing of the statement.

(4) Any plans or proposals which each acquiring party may have to liquidate such insurer, to sell its assets, or merge or consolidate it with any person, or to make any other material change in its business or corporate structure or management.

(5) The number of shares of any security referred to in Subsection A of this Section which each acquiring party proposes to acquire, and the terms of the offer, request, invitation, agreement, or acquisition referred to in Subsection A of this Section, and a statement as to the method by which the fairness of the proposal was arrived at.

(6) The amount of each class of any security referred to in Subsection A of this Section which is beneficially owned or concerning which there is a right to acquire beneficial ownership by each acquiring party.

(7) A full description of any contracts, arrangements, or understandings with respect to any security referred to in Subsection A of this Section in which any acquiring party is involved, including but not R9200493--N358.--5 limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. Such description shall identify the persons with whom such contracts, arrangements, or understandings have been entered into.

(8) A description of the purchase of any security referred to in Subsection A of this Section during the twelve calendar months preceding the filing of the statement, by any acquiring party, including the dates of purchase, names of the purchasers, and consideration paid or agreed to be paid therefor.

(9) A description of any recommendations to purchase any security referred to in Subsection A of this Section made during the twelve calendar months preceding the filing of the statement, by any acquiring party, or by anyone based upon interviews or at the suggestion of such acquiring party.

(10) Copies of all tender offers for requests, or invitations for tenders of, exchange offers for, and agreements to acquire or exchange any securities referred to in Subsection A of this Section, and, if distributed, of additional soliciting material relating thereto.

(11) The term of any agreement, contract, or understanding made with or proposed to be made with any broker-dealer as to solicitation of securities referred to in Subsection A of this Section for tender, and the amount of any fees, commissions, or other compensation to be paid to broker-dealers with regard thereto.

(12) Such additional information as the commissioner may by rule or regulation prescribe as necessary or appropriate for the protection of policyholders of the insurer or in the public interest.

(13) If the person required to file the statement referred to in Subsection A of this Section is a partnership, limited partnership, syndicate, or other group, the commissioner may require that the information called for by Paragraphs (1) through (12) of this Subsection shall be given with respect to each partner of such partnership or limited partnership, each member of such syndicate or group, and each person who controls such partner or member. If any such partner, member, or person is a corporation, or the person required to file the statement referred to in Subsection A is a corporation, the commissioner may require that the information called for by Paragraphs (1) through (12) of this Subsection shall be given with respect to such corporation, each officer, and director of such corporation, and each person who is directly or indirectly the beneficial owner of more than ten percent of the outstanding voting securities of such corporation.

(14) If any material changes occur in the facts set forth in the statement filed with the commissioner and sent to such insurer pursuant to this Section, an amendment setting forth such change, together with copies of all documents and other material relevant to such change, shall be filed with the commissioner and sent to such insurer within two business days after the person learns of such change.

C. Alternative filing materials. If any offer, request, invitation, agreement, or acquisition referred to in Subsection A of this Section is proposed to be made by means of a registration statement under the Securities Act of 1933 or in circumstances requiring the disclosure of similar information under the Securities Exchange Act of 1934, or under a state law requiring similar registration or disclosure, the person required to file the statement referred to in Subsection A of this Section may utilize such documents in furnishing the information called for by that statement.

D. Approval by commissioner; hearings.

(1) The commissioner shall approve any merger or other acquisition of control referred to in Subsection A of this Section unless, after a public hearing held pursuant to the provisions of Part XXIX of Chapter 1 of Title 22 of the Louisiana Revised Statutes of 1950, he finds that:

(a) After the change of control, the domestic insurer referred to in Subsection A of this Section would not be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed.

(b) The effect of the merger or other acquisition of control would be to substantially lessen competition in insurance in this state or tend to create a monopoly therein.

(c) The financial condition of any acquiring party is such as might jeopardize the financial stability of the insurer or prejudice the interest of its policyholders.

(d) The plans or proposals which the acquiring party has to liquidate the insurer, sell its assets, or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair and unreasonable to policyholders of the insurer and not in the public interest.

(e) The competence, experience, and integrity of those persons who would control the operation of the insurer are such that it would not be in the interest of policyholders of the insurer and of the public to permit the merger or other acquisition of control.

(f) The acquisition is likely to be hazardous or prejudicial to the insurance-buying public.

(2) The public hearing referred to in Paragraph D(1) of this Subsection shall be held within thirty days after the statement required by Subsection A of this Section is filed, and at least twenty days notice thereof shall be given by the commissioner to the person filing the statement. Not less than seven days notice of such public hearing shall be given by the person filing the statement to the insurer and to such other persons as may be designated by the commissioner. The commissioner shall make a determination within thirty days after the conclusion of such hearing. At such hearing, the person filing the statement, the insurer, any person to whom notice of hearing was sent, and any other person whose interest may be affected thereby shall have the right to present evidence, examine and cross examine witnesses, and offer oral and written arguments, and in connection therewith shall be entitled to conduct discovery proceedings in the same manner as is presently allowed in the district courts of this state. All discovery proceedings shall be concluded not later than three days prior to the commencement of the public hearing.

(3) The commissioner may retain at the acquiring person's expense, such attorneys, actuaries, accountants, and other experts not otherwise a part of the commissioner's staff as may be reasonably necessary to assist the commissioner in reviewing the proposed acquisition of control. However, if these expenses exceed three thousand dollars, all work of these experts is subject to review, and such experts must prepare a projection of the amount of time and expenses necessary to complete the examination. If the projected amount of time and expenses required to complete the examination appear excessive, the acquiring person may request that a limit be placed on the expenses of the experts.

E. Exemptions. The provisions of this Section shall not apply to any offer, request, invitation, agreement, or acquisition which the commissioner by order shall exempt therefrom as:

(1) Not having been made or entered into for the purpose and not having the effect of changing or influencing the control of a domestic insurer.

(2) Not comprehended within the purposes of this Section.

F. Violations. The following shall be violations of this Section:

(1) The failure to file any statement, amendment, or other material required to be filed pursuant to the provisions of Subsections A or B of this Section; or

(2) The effectuation or any attempt to effectuate an acquisition of control of, or merger with, a domestic insurer unless the commissioner has given his approval.

G. Jurisdiction; consent to service of process. The courts of this state are hereby vested with jurisdiction over every person not resident, domiciled, or authorized to do business in this state who files a statement with the commissioner under this Section, and over all actions involving such person arising out of violations of this Section. Each such person shall be deemed to have performed acts equivalent to and constituting an appointment by such a person of the commissioner to be his true and lawful attorney upon whom may be served all lawful process in any action, suit, or proceeding arising out of the violations of this Section. Copies of all such lawful process shall be served on the commissioner and transmitted by registered or certified mail by the commissioner to such person at his last known address.